
SENATE BILL 6307

State of Washington

55th Legislature

1998 Regular Session

By Senators Long, Franklin, Fraser, Winsley, Bauer, Jacobsen and Roach;
by request of Joint Committee on Pension Policy

Read first time 01/15/98. Referred to Committee on Ways & Means.

1 AN ACT Relating to the sharing of extraordinary investment gains;
2 amending RCW 2.10.146, 41.26.460, 41.32.530, 41.32.785, 41.40.188,
3 41.40.660, 41.45.070, 41.45.060, and 41.04.275; adding a new chapter to
4 Title 41 RCW; and making appropriations.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** Beginning July 1, 1998, and on January 1st
7 of even-numbered years thereafter, the annual increase amount as
8 defined in RCW 41.32.010 and 41.40.010 shall be increased by the gain-
9 sharing increase amount, if any. The monthly retirement allowance of
10 a person in receipt of the benefit provided in RCW 41.32.489 or
11 41.40.197 shall immediately be adjusted to reflect any increase.

12 NEW SECTION. **Sec. 2.** (1) The gain-sharing increase amount shall
13 be the amount of increase, rounded to the nearest cent, that can be
14 fully funded in actuarial present value by the amount of extraordinary
15 investment gains, if any. The amount of extraordinary investment gains
16 shall be calculated as follows:

17 (a) One-half of the sum of the value of the net assets held in
18 trust for pension benefits in the teachers' retirement system plan I

1 fund and the public employees' retirement system plan I fund at the
2 close of the previous state fiscal year;

3 (b) Multiplied by the amount which the geometric average of the
4 rate of investment returns on those assets over the previous four state
5 fiscal years exceeds ten percent.

6 (2) The amount of extraordinary investment gains calculated on July
7 1, 1998, shall be reduced by the amount necessary to fund the full
8 actuarial present value of the benefits provided in RCW 41.32.530(3)
9 and 41.40.188(3).

10 NEW SECTION. **Sec. 3.** The legislature reserves the right to amend
11 or repeal this chapter in the future and no member or beneficiary has
12 a contractual right to receive this postretirement adjustment not
13 granted prior to that amendment or repeal.

14 **Sec. 4.** RCW 2.10.146 and 1996 c 175 s 2 are each amended to read
15 as follows:

16 (1) Upon making application for a service retirement allowance
17 under RCW 2.10.100 or a disability allowance under RCW 2.10.120, a
18 judge who is eligible therefor shall make an election as to the manner
19 in which such service retirement shall be paid from among the following
20 designated options, calculated so as to be actuarially equivalent to
21 each other:

22 (a) Standard allowance. A member selecting this option shall
23 receive a retirement allowance, which shall be computed as provided in
24 RCW 2.10.110. The retirement allowance shall be payable throughout the
25 judge's life. However, if the judge dies before the total of the
26 retirement allowance paid to the judge equals the amount of the judge's
27 accumulated contributions at the time of retirement, then the balance
28 shall be paid to the member's estate, or such person or persons, trust,
29 or organization as the judge has nominated by written designation duly
30 executed and filed with the department of retirement systems or, if
31 there is no such designated person or persons still living at the time
32 of the judge's death, then to the surviving spouse or, if there is
33 neither such designated person or persons still living at the time of
34 death nor a surviving spouse, then to the judge's legal representative.

35 (b) The department shall adopt rules that allow a judge to select
36 a retirement option that pays the judge a reduced retirement allowance
37 and upon death, such portion of the judge's reduced retirement

1 allowance as the department by rule designates shall be continued
2 throughout the life of and paid to a designated person. Such person
3 shall be nominated by the judge by written designation duly executed
4 and filed with the department at the time of retirement. The options
5 adopted by the department shall include, but are not limited to, a
6 joint and one hundred percent survivor option and a joint and fifty
7 percent survivor option.

8 (2)(a) A judge, if married, must provide the written consent of his
9 or her spouse to the option selected under this section, except as
10 provided in (b) of this subsection. If a judge is married and both the
11 judge and the judge's spouse do not give written consent to an option
12 under this section, the department will pay the judge a joint and fifty
13 percent survivor benefit and record the judge's spouse as the
14 beneficiary. Such benefit shall be calculated to be actuarially
15 equivalent to the benefit options available under subsection (1) of
16 this section unless spousal consent is not required as provided in (b)
17 of this subsection.

18 (b) If a copy of a dissolution order designating a survivor
19 beneficiary under RCW 41.50.790 has been filed with the department at
20 least thirty days prior to a member's retirement:

21 (i) The department shall honor the designation as if made by the
22 member under subsection (1) of this section; and

23 (ii) The spousal consent provisions of (a) of this subsection do
24 not apply.

25 (3)(a) Any member who retired before January 1, 1996, and who
26 elected to receive a reduced retirement allowance under subsection
27 (1)(b) or (2) of this section is entitled to receive a retirement
28 allowance adjusted in accordance with (b) of this subsection, if they
29 meet the following conditions:

30 (i) The retiree's designated beneficiary predeceases or has
31 predeceased the retiree; and

32 (ii) The retiree provides to the department proper proof of the
33 designated beneficiary's death.

34 (b) The retirement allowance payable to the retiree, as of July 1,
35 1998, or the date of the designated beneficiary's death, whichever
36 comes last, shall be increased by the percentage derived in (c) of this
37 subsection.

38 (c) The percentage increase shall be derived by the following:

1 (i) One hundred percent multiplied by the result of (c)(ii) of this
2 subsection converted to a percent;

3 (ii) Subtract one from the reciprocal of the appropriate joint and
4 survivor option factor;

5 (iii) The joint and survivor option factor shall be from the table
6 in effect as of July 1, 1998.

7 (d) The adjustment under (b) of this subsection shall accrue from
8 the beginning of the month following the date of the designated
9 beneficiary's death or from July 1, 1998, whichever comes last.

10 **Sec. 5.** RCW 41.26.460 and 1996 c 175 s 3 are each amended to read
11 as follows:

12 (1) Upon retirement for service as prescribed in RCW 41.26.430 or
13 disability retirement under RCW 41.26.470, a member shall elect to have
14 the retirement allowance paid pursuant to the following options,
15 calculated so as to be actuarially equivalent to each other.

16 (a) Standard allowance. A member electing this option shall
17 receive a retirement allowance payable throughout such member's life.
18 However, if the retiree dies before the total of the retirement
19 allowance paid to such retiree equals the amount of such retiree's
20 accumulated contributions at the time of retirement, then the balance
21 shall be paid to the member's estate, or such person or persons, trust,
22 or organization as the retiree shall have nominated by written
23 designation duly executed and filed with the department; or if there be
24 no such designated person or persons still living at the time of the
25 retiree's death, then to the surviving spouse; or if there be neither
26 such designated person or persons still living at the time of death nor
27 a surviving spouse, then to the retiree's legal representative.

28 (b) The department shall adopt rules that allow a member to select
29 a retirement option that pays the member a reduced retirement allowance
30 and upon death, such portion of the member's reduced retirement
31 allowance as the department by rule designates shall be continued
32 throughout the life of and paid to a designated person. Such person
33 shall be nominated by the member by written designation duly executed
34 and filed with the department at the time of retirement. The options
35 adopted by the department shall include, but are not limited to, a
36 joint and one hundred percent survivor option and a joint and fifty
37 percent survivor option.

1 (2)(a) A member, if married, must provide the written consent of
2 his or her spouse to the option selected under this section, except as
3 provided in (b) of this subsection. If a member is married and both
4 the member and member's spouse do not give written consent to an option
5 under this section, the department will pay the member a joint and
6 fifty percent survivor benefit and record the member's spouse as the
7 beneficiary. Such benefit shall be calculated to be actuarially
8 equivalent to the benefit options available under subsection (1) of
9 this section unless spousal consent is not required as provided in (b)
10 of this subsection.

11 (b) If a copy of a dissolution order designating a survivor
12 beneficiary under RCW 41.50.790 has been filed with the department at
13 least thirty days prior to a member's retirement:

14 (i) The department shall honor the designation as if made by the
15 member under subsection (1) of this section; and

16 (ii) The spousal consent provisions of (a) of this subsection do
17 not apply.

18 (3)(a) Any member who retired before January 1, 1996, and who
19 elected to receive a reduced retirement allowance under subsection
20 (1)(b) or (2) of this section is entitled to receive a retirement
21 allowance adjusted in accordance with (b) of this subsection, if they
22 meet the following conditions:

23 (i) The retiree's designated beneficiary predeceases or has
24 predeceased the retiree; and

25 (ii) The retiree provides to the department proper proof of the
26 designated beneficiary's death.

27 (b) The retirement allowance payable to the retiree, as of July 1,
28 1998, or the date of the designated beneficiary's death, whichever
29 comes last, shall be increased by the percentage derived in (c) of this
30 subsection.

31 (c) The percentage increase shall be derived by the following:

32 (i) One hundred percent multiplied by the result of (c)(ii) of this
33 subsection converted to a percent;

34 (ii) Subtract one from the reciprocal of the appropriate joint and
35 survivor option factor;

36 (iii) The joint and survivor option factor shall be from the table
37 in effect as of July 1, 1998.

1 (d) The adjustment under (b) of this subsection shall accrue from
2 the beginning of the month following the date of the designated
3 beneficiary's death or from July 1, 1998, whichever comes last.

4 **Sec. 6.** RCW 41.32.530 and 1996 c 175 s 4 are each amended to read
5 as follows:

6 (1) Upon an application for retirement for service under RCW
7 41.32.480 or retirement for disability under RCW 41.32.550, approved by
8 the department, every member shall receive the maximum retirement
9 allowance available to him or her throughout life unless prior to the
10 time the first installment thereof becomes due he or she has elected,
11 by executing the proper application therefor, to receive the actuarial
12 equivalent of his or her retirement allowance in reduced payments
13 throughout his or her life with the following options:

14 (a) Standard allowance. If he or she dies before he or she has
15 received the present value of his or her accumulated contributions at
16 the time of his or her retirement in annuity payments, the unpaid
17 balance shall be paid to his or her estate or to such person, trust, or
18 organization as he or she shall have nominated by written designation
19 executed and filed with the department.

20 (b) The department shall adopt rules that allow a member to select
21 a retirement option that pays the member a reduced retirement allowance
22 and upon death, such portion of the member's reduced retirement
23 allowance as the department by rule designates shall be continued
24 throughout the life of and paid to a person who has an insurable
25 interest in the member's life. Such person shall be nominated by the
26 member by written designation duly executed and filed with the
27 department at the time of retirement. The options adopted by the
28 department shall include, but are not limited to, a joint and one
29 hundred percent survivor option and a joint and fifty percent survivor
30 option.

31 (c) Such other benefits shall be paid to a member receiving a
32 retirement allowance under RCW 41.32.497 as the member may designate
33 for himself, herself, or others equal to the actuarial value of his or
34 her retirement annuity at the time of his retirement: PROVIDED, That
35 the board of trustees shall limit withdrawals of accumulated
36 contributions to such sums as will not reduce the member's retirement
37 allowance below one hundred and twenty dollars per month.

1 (d) A member whose retirement allowance is calculated under RCW
2 41.32.498 may also elect to receive a retirement allowance based on
3 options available under this subsection that includes the benefit
4 provided under RCW 41.32.770. This retirement allowance option shall
5 also be calculated so as to be actuarially equivalent to the maximum
6 retirement allowance and to the options available under this
7 subsection.

8 (2)(a) A member, if married, must provide the written consent of
9 his or her spouse to the option selected under this section, except as
10 provided in (b) of this subsection. If a member is married and both
11 the member and the member's spouse do not give written consent to an
12 option under this section, the department will pay the member a joint
13 and fifty percent survivor benefit and record the member's spouse as
14 the beneficiary. Such benefit shall be calculated to be actuarially
15 equivalent to the benefit options available under subsection (1) of
16 this section unless spousal consent is not required as provided in (b)
17 of this subsection.

18 (b) If a copy of a dissolution order designating a survivor
19 beneficiary under RCW 41.50.790 has been filed with the department at
20 least thirty days prior to a member's retirement:

21 (i) The department shall honor the designation as if made by the
22 member under subsection (1) of this section; and

23 (ii) The spousal consent provisions of (a) of this subsection do
24 not apply.

25 (3)(a) Any member who retired before January 1, 1996, and who
26 elected to receive a reduced retirement allowance under subsection
27 (1)(b) or (2) of this section is entitled to receive a retirement
28 allowance adjusted in accordance with (b) of this subsection, if they
29 meet the following conditions:

30 (i) The retiree's designated beneficiary predeceases or has
31 predeceased the retiree; and

32 (ii) The retiree provides to the department proper proof of the
33 designated beneficiary's death.

34 (b) The retirement allowance payable to the retiree, as of July 1,
35 1998, or the date of the designated beneficiary's death, whichever
36 comes last, shall be increased by the percentage derived in (c) of this
37 subsection.

38 (c) The percentage increase shall be derived by the following:

1 (i) One hundred percent multiplied by the result of (c)(ii) of this
2 subsection converted to a percent;

3 (ii) Subtract one from the reciprocal of the appropriate joint and
4 survivor option factor;

5 (iii) The joint and survivor option factor shall be from the table
6 in effect as of July 1, 1998.

7 (d) The adjustment under (b) of this subsection shall accrue from
8 the beginning of the month following the date of the designated
9 beneficiary's death or from July 1, 1998, whichever comes last.

10 **Sec. 7.** RCW 41.32.785 and 1996 c 175 s 5 are each amended to read
11 as follows:

12 (1) Upon retirement for service as prescribed in RCW 41.32.765 or
13 retirement for disability under RCW 41.32.790, a member shall elect to
14 have the retirement allowance paid pursuant to the following options,
15 calculated so as to be actuarially equivalent to each other.

16 (a) Standard allowance. A member electing this option shall
17 receive a retirement allowance payable throughout such member's life.
18 However, if the retiree dies before the total of the retirement
19 allowance paid to such retiree equals the amount of such retiree's
20 accumulated contributions at the time of retirement, then the balance
21 shall be paid to the member's estate, or such person or persons, trust,
22 or organization as the retiree shall have nominated by written
23 designation duly executed and filed with the department; or if there be
24 no such designated person or persons still living at the time of the
25 retiree's death, then to the surviving spouse; or if there be neither
26 such designated person or persons still living at the time of death nor
27 a surviving spouse, then to the retiree's legal representative.

28 (b) The department shall adopt rules that allow a member to select
29 a retirement option that pays the member a reduced retirement allowance
30 and upon death, such portion of the member's reduced retirement
31 allowance as the department by rule designates shall be continued
32 throughout the life of and paid to a designated person. Such person
33 shall be nominated by the member by written designation duly executed
34 and filed with the department at the time of retirement. The options
35 adopted by the department shall include, but are not limited to, a
36 joint and one hundred percent survivor option and a joint and fifty
37 percent survivor option.

1 (2)(a) A member, if married, must provide the written consent of
2 his or her spouse to the option selected under this section, except as
3 provided in (b) of this subsection. If a member is married and both
4 the member and member's spouse do not give written consent to an option
5 under this section, the department will pay the member a joint and
6 fifty percent survivor benefit and record the member's spouse as the
7 beneficiary. Such benefit shall be calculated to be actuarially
8 equivalent to the benefit options available under subsection (1) of
9 this section unless spousal consent is not required as provided in (b)
10 of this subsection.

11 (b) If a copy of a dissolution order designating a survivor
12 beneficiary under RCW 41.50.790 has been filed with the department at
13 least thirty days prior to a member's retirement:

14 (i) The department shall honor the designation as if made by the
15 member under subsection (1) of this section; and

16 (ii) The spousal consent provisions of (a) of this subsection do
17 not apply.

18 (3)(a) Any member who retired before January 1, 1996, and who
19 elected to receive a reduced retirement allowance under subsection
20 (1)(b) or (2) of this section is entitled to receive a retirement
21 allowance adjusted in accordance with (b) of this subsection, if they
22 meet the following conditions:

23 (i) The retiree's designated beneficiary predeceases or has
24 predeceased the retiree; and

25 (ii) The retiree provides to the department proper proof of the
26 designated beneficiary's death.

27 (b) The retirement allowance payable to the retiree, as of July 1,
28 1998, or the date of the designated beneficiary's death, whichever
29 comes last, shall be increased by the percentage derived in (c) of this
30 subsection.

31 (c) The percentage increase shall be derived by the following:

32 (i) One hundred percent multiplied by the result of (c)(ii) of this
33 subsection converted to a percent;

34 (ii) Subtract one from the reciprocal of the appropriate joint and
35 survivor option factor;

36 (iii) The joint and survivor option factor shall be from the table
37 in effect as of July 1, 1998.

1 (d) The adjustment under (b) of this subsection shall accrue from
2 the beginning of the month following the date of the designated
3 beneficiary's death or from July 1, 1998, whichever comes last.

4 **Sec. 8.** RCW 41.40.188 and 1996 c 175 s 6 are each amended to read
5 as follows:

6 (1) Upon retirement for service as prescribed in RCW 41.40.180 or
7 retirement for disability under RCW 41.40.210 or 41.40.230, a member
8 shall elect to have the retirement allowance paid pursuant to one of
9 the following options calculated so as to be actuarially equivalent to
10 each other.

11 (a) Standard allowance. A member electing this option shall
12 receive a retirement allowance payable throughout such member's life.
13 However, if the retiree dies before the total of the retirement
14 allowance paid to such retiree equals the amount of such retiree's
15 accumulated contributions at the time of retirement, then the balance
16 shall be paid to the member's estate, or such person or persons, trust,
17 or organization as the retiree shall have nominated by written
18 designation duly executed and filed with the department; or if there be
19 no such designated person or persons still living at the time of the
20 retiree's death, then to the surviving spouse; or if there be neither
21 such designated person or persons still living at the time of death nor
22 a surviving spouse, then to the retiree's legal representative.

23 (b) The department shall adopt rules that allow a member to select
24 a retirement option that pays the member a reduced retirement allowance
25 and upon death, such portion of the member's reduced retirement
26 allowance as the department by rule designates shall be continued
27 throughout the life of and paid to a person nominated by the member by
28 written designation duly executed and filed with the department at the
29 time of retirement. The options adopted by the department shall
30 include, but are not limited to, a joint and one hundred percent
31 survivor option and a joint and fifty percent survivor option.

32 (c) A member may elect to include the benefit provided under RCW
33 41.40.640 along with the retirement options available under this
34 section. This retirement allowance option shall be calculated so as to
35 be actuarially equivalent to the options offered under this subsection.

36 (2)(a) A member, if married, must provide the written consent of
37 his or her spouse to the option selected under this section, except as
38 provided in (b) of this subsection. If a member is married and both

1 the member and the member's spouse do not give written consent to an
2 option under this section, the department shall pay a joint and fifty
3 percent survivor benefit calculated to be actuarially equivalent to the
4 benefit options available under subsection (1) of this section unless
5 spousal consent is not required as provided in (b) of this subsection.

6 (b) If a copy of a dissolution order designating a survivor
7 beneficiary under RCW 41.50.790 has been filed with the department at
8 least thirty days prior to a member's retirement:

9 (i) The department shall honor the designation as if made by the
10 member under subsection (1) of this section; and

11 (ii) The spousal consent provisions of (a) of this subsection do
12 not apply.

13 (3)(a) Any member who retired before January 1, 1996, and who
14 elected to receive a reduced retirement allowance under subsection
15 (1)(b) or (2) of this section is entitled to receive a retirement
16 allowance adjusted in accordance with (b) of this subsection, if they
17 meet the following conditions:

18 (i) The retiree's designated beneficiary predeceases or has
19 predeceased the retiree; and

20 (ii) The retiree provides to the department proper proof of the
21 designated beneficiary's death.

22 (b) The retirement allowance payable to the retiree, as of July 1,
23 1998, or the date of the designated beneficiary's death, whichever
24 comes last, shall be increased by the percentage derived in (c) of this
25 subsection.

26 (c) The percentage increase shall be derived by the following:

27 (i) One hundred percent multiplied by the result of (c)(ii) of this
28 subsection converted to a percent;

29 (ii) Subtract one from the reciprocal of the appropriate joint and
30 survivor option factor;

31 (iii) The joint and survivor option factor shall be from the table
32 in effect as of July 1, 1998.

33 (d) The adjustment under (b) of this subsection shall accrue from
34 the beginning of the month following the date of the designated
35 beneficiary's death or from July 1, 1998, whichever comes last.

36 **Sec. 9.** RCW 41.40.660 and 1996 c 175 s 7 are each amended to read
37 as follows:

1 (1) Upon retirement for service as prescribed in RCW 41.40.630 or
2 retirement for disability under RCW 41.40.670, a member shall elect to
3 have the retirement allowance paid pursuant to one of the following
4 options, calculated so as to be actuarially equivalent to each other.

5 (a) Standard allowance. A member electing this option shall
6 receive a retirement allowance payable throughout such member's life.
7 However, if the retiree dies before the total of the retirement
8 allowance paid to such retiree equals the amount of such retiree's
9 accumulated contributions at the time of retirement, then the balance
10 shall be paid to the member's estate, or such person or persons, trust,
11 or organization as the retiree shall have nominated by written
12 designation duly executed and filed with the department; or if there be
13 no such designated person or persons still living at the time of the
14 retiree's death, then to the surviving spouse; or if there be neither
15 such designated person or persons still living at the time of death nor
16 a surviving spouse, then to the retiree's legal representative.

17 (b) The department shall adopt rules that allow a member to select
18 a retirement option that pays the member a reduced retirement allowance
19 and upon death, such portion of the member's reduced retirement
20 allowance as the department by rule designates shall be continued
21 throughout the life of and paid to a person nominated by the member by
22 written designation duly executed and filed with the department at the
23 time of retirement. The options adopted by the department shall
24 include, but are not limited to, a joint and one hundred percent
25 survivor option and a joint and fifty percent survivor option.

26 (2)(a) A member, if married, must provide the written consent of
27 his or her spouse to the option selected under this section, except as
28 provided in (b) of this subsection. If a member is married and both
29 the member and the member's spouse do not give written consent to an
30 option under this section, the department shall pay a joint and fifty
31 percent survivor benefit calculated to be actuarially equivalent to the
32 benefit options available under subsection (1) of this section unless
33 spousal consent is not required as provided in (b) of this subsection.

34 (b) If a copy of a dissolution order designating a survivor
35 beneficiary under RCW 41.50.790 has been filed with the department at
36 least thirty days prior to a member's retirement:

37 (i) The department shall honor the designation as if made by the
38 member under subsection (1) of this section; and

1 (ii) The spousal consent provisions of (a) of this subsection do
2 not apply.

3 (3)(a) Any member who retired before January 1, 1996, and who
4 elected to receive a reduced retirement allowance under subsection
5 (1)(b) or (2) of this section is entitled to receive a retirement
6 allowance adjusted in accordance with (b) of this subsection, if they
7 meet the following conditions:

8 (i) The retiree's designated beneficiary predeceases or has
9 predeceased the retiree; and

10 (ii) The retiree provides to the department proper proof of the
11 designated beneficiary's death.

12 (b) The retirement allowance payable to the retiree, as of July 1,
13 1998, or the date of the designated beneficiary's death, whichever
14 comes last, shall be increased by the percentage derived in (c) of this
15 subsection.

16 (c) The percentage increase shall be derived by the following:

17 (i) One hundred percent multiplied by the result of (c)(ii) of this
18 subsection converted to a percent;

19 (ii) Subtract one from the reciprocal of the appropriate joint and
20 survivor option factor;

21 (iii) The joint and survivor option factor shall be from the table
22 in effect as of July 1, 1998.

23 (d) The adjustment under (b) of this subsection shall accrue from
24 the beginning of the month following the date of the designated
25 beneficiary's death or from July 1, 1998, whichever comes last.

26 **Sec. 10.** RCW 41.45.070 and 1995 c 239 s 310 are each amended to
27 read as follows:

28 (1) In addition to the basic employer contribution rate established
29 in RCW 41.45.060, the department shall also charge employers of public
30 employees' retirement system, teachers' retirement system, or
31 Washington state patrol retirement system members an additional
32 supplemental rate to pay for the cost of additional benefits, if any,
33 granted to members of those systems. Except as provided in subsection
34 (6) of this section, the supplemental contribution rates required by
35 this section shall be calculated by the state actuary and shall be
36 charged regardless of language to the contrary contained in the statute
37 which authorizes additional benefits.

1 (2) In addition to the basic state contribution rate established in
2 RCW 41.45.060 for the law enforcement officers' and fire fighters'
3 retirement system the department shall also establish a supplemental
4 rate to pay for the cost of additional benefits, if any, granted to
5 members of the law enforcement officers' and fire fighters' retirement
6 system. Except as provided in subsection (6) of this section, this
7 supplemental rate shall be calculated by the state actuary and the
8 state treasurer shall transfer the additional required contributions
9 regardless of language to the contrary contained in the statute which
10 authorizes the additional benefits.

11 (3) The supplemental rate charged under this section to fund
12 benefit increases provided to active members of the public employees'
13 retirement system plan I, the teachers' retirement system plan I, the
14 law enforcement officers' and fire fighters' retirement system plan I,
15 and Washington state patrol retirement system, shall be calculated as
16 the level percentage of all members' pay needed to fund the cost of the
17 benefit not later than June 30, 2024.

18 (4) The supplemental rate charged under this section to fund
19 benefit increases provided to active and retired members of the public
20 employees' retirement system plan II, the teachers' retirement system
21 plan II and plan III, or the law enforcement officers' and fire
22 fighters' retirement system plan II, shall be calculated as the level
23 percentage of all members' pay needed to fund the cost of the benefit,
24 as calculated under RCW 41.40.650(~~(, 41.32.775,)~~) or 41.26.450,
25 respectively.

26 (5) The supplemental rate charged under this section to fund
27 postretirement adjustments which are provided on a nonautomatic basis
28 to current retirees shall be calculated as the percentage of pay needed
29 to fund the adjustments as they are paid to the retirees. The
30 supplemental rate charged under this section to fund automatic
31 postretirement adjustments for active or retired members of the public
32 employees' retirement system plan I and the teachers' retirement system
33 plan I shall be calculated as the level percentage of pay needed to
34 fund the cost of the automatic adjustments not later than June 30,
35 2024.

36 (6) A supplemental rate shall not be charged to pay for the cost of
37 additional benefits granted to members pursuant to chapter . . . , Laws
38 of 1998 (this act).

1 **Sec. 11.** RCW 41.45.060 and 1995 c 239 s 309 are each amended to
2 read as follows:

3 (1) The state actuary shall provide actuarial valuation results
4 based on the assumptions adopted under RCW 41.45.030.

5 (2) Not later than September 30, 1996, and every two years
6 thereafter, consistent with the assumptions adopted under RCW
7 41.45.030, the council shall adopt both: (a) A basic state
8 contribution rate for the law enforcement officers' and fire fighters'
9 retirement system; and (b) basic employer contribution rates for the
10 public employees' retirement system plan I, the teachers' retirement
11 system plan I, and the Washington state patrol retirement system to be
12 used in the ensuing biennial period.

13 (3) The employer and state contribution rates adopted by the
14 council shall be the level percentages of pay that are needed:

15 (a) To fully amortize the total costs of the public employees'
16 retirement system plan I, the teachers' retirement system plan I, the
17 law enforcement officers' and fire fighters' retirement system plan I,
18 and the unfunded liability of the Washington state patrol retirement
19 system not later than June 30, 2024, except as provided in subsection
20 (5) of this section; and

21 (b) To also continue to fully fund the public employees' retirement
22 system plan II, the teachers' retirement system plans II and III, and
23 the law enforcement officers' and fire fighters' retirement system plan
24 II in accordance with RCW 41.40.650, 41.26.450, and this section.

25 (4) The aggregate actuarial cost method shall be used to calculate
26 a combined plan II and III employer contribution rate.

27 (5) An amount equal to the amount of extraordinary investment gains
28 as defined in section 2 of this act shall be used to shorten the
29 amortization period for the public employees' retirement system plan I
30 and the teachers' retirement system plan I.

31 (6) The council shall immediately notify the directors of the
32 office of financial management and department of retirement systems of
33 the state and employer contribution rates adopted.

34 (~~(6)~~) (7) The director of the department of retirement systems
35 shall collect those rates adopted by the council.

36 **Sec. 12.** RCW 41.04.275 and 1994 c 298 s 6 are each amended to read
37 as follows:

1 (1) The pension funding account is created in the state treasury.
2 Moneys in the account may be spent only after appropriation.
3 (~~Expenditures from the account may be used only for the continuing~~
4 ~~costs of any state retirement system benefits in effect on July 1,~~
5 ~~1993, consistent with section 919, chapter 24, Laws of 1993 sp. sess.))~~

6 (2) Subject to the appropriations in section 13, chapter . . . ,
7 Laws of 1998 (this act), the account is dedicated to funding law
8 enforcement officers' and fire fighters' retirement system benefits.

9 NEW SECTION. Sec. 13. (1) The sum of dollars is
10 appropriated for the fiscal year ending June 30, 1998, from the pension
11 funding account to the department of retirement systems for funding the
12 benefits provided under chapter . . . , Laws of 1998 (this act) for the
13 Washington state teachers' retirement system plan I.

14 (2) The sum of dollars is appropriated for the fiscal year
15 ending June 30, 1998, from the pension funding account to the
16 department of retirement systems for funding the benefits provided
17 under chapter . . . , Laws of 1998 (this act) for the Washington public
18 employees' retirement system plan I.

19 NEW SECTION. Sec. 14. Sections 1 through 3 of this act constitute
20 a new chapter in Title 41 RCW.

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